



February 26, 1999

SENATE BILL No. 500

DIGEST OF SB 500 (Updated February 25, 1999 2:24 pm - DI 100)

Citations Affected: IC 27-9; IC 27-14.

Synopsis: Mutual insurance holding companies. Establishes a mechanism under which a mutual insurance company (MIC) may reorganize as a mutual insurance holding company (MIHC). Requires the MIC to submit a plan of reorganization for approval by the commissioner of insurance. Requires a public hearing and notice to members of the MIC. Requires a two-thirds vote in favor of the reorganization by those members voting on the question. Specifies rules for the operation of an MIHC, including limits on the issuance and ownership of stock associated with the MIHC.

Effective: Upon passage.

**Clark, Lewis, Kenley, Mrvan,
Howard, Alting, Mills, Borst**

January 19, 1999, read first time and referred to Committee on Insurance and Financial Institutions.
February 25, 1999, amended, reported — Do Pass.

SB 500—LS 7676/DI 47+



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February 26, 1999

First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

SENATE BILL No. 500

A BILL FOR AN ACT to amend the Indiana Code concerning insurance.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 27-9-1-1 IS AMENDED TO READ AS FOLLOWS
2 [EFFECTIVE UPON PASSAGE]: Sec. 1. Proceedings under this
3 article apply to the following:

4 (1) All insurers who are doing, or who have done, insurance
5 business in Indiana, and against whom claims arising from that
6 business may exist.

7 (2) All insurers who purport to do insurance business in Indiana.

8 (3) All insurers who have insureds resident in Indiana.

9 (4) All other persons organized or in the process of organizing
10 with the intent to do an insurance business in Indiana.

11 (5) All nonprofit service plans, fraternal benefit societies, and
12 beneficial societies.

13 (6) All title insurance companies.

14 (7) All health maintenance organizations under IC 27-13.

15 (8) All multiple employer welfare arrangements under
16 IC 27-1-34.

17 (9) All limited service health maintenance organizations under

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1 IC 27-13-34.

2 **(10) All mutual insurance holding companies under IC 27-14.**

3 SECTION 2. IC 27-9-2-1 IS AMENDED TO READ AS FOLLOWS
4 [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) Whenever the
5 commissioner has reasonable cause to believe, and determines, after a
6 hearing held under IC 4-21.5-3, that any domestic insurer has
7 committed or engaged in, or is about to commit or engage in, any act,
8 practice, or transaction that would subject it to a delinquency
9 proceeding under IC 27-9-3-1 or IC 27-9-3-6, the commissioner may
10 make and serve upon the insurer and any other persons involved, any
11 orders reasonably necessary to correct, eliminate, or remedy that
12 conduct, condition, or ground.

13 (b) If the commissioner has reasonable cause to believe that any
14 domestic insurer is in such condition as to render the continuance of its
15 business hazardous to the public or to holders of its policies or
16 certificates of insurance, or if that domestic insurer gives its consent,
17 the commissioner shall upon his determination issue an order:

- 18 (1) notifying the insurer of his determination; and
19 (2) providing the insurer with a written list of the commissioner's
20 requirements to correct its business practices.

21 (c) If the commissioner makes a determination to supervise an
22 insurer subject to an order under subsection (a) or (b), the
23 commissioner shall notify the insurer that it is under the supervision of
24 the commissioner. **If the insurer is a reorganized insurer under**
25 **IC 27-14, the commissioner may also determine to supervise the**
26 **mutual insurance holding company that is affiliated with the**
27 **reorganized insurer, regardless of whether another basis exists for**
28 **supervising the mutual insurance holding company. If the**
29 **commissioner makes a determination to supervise a mutual**
30 **insurance holding company, the commissioner shall notify the**
31 **mutual insurance holding company that it is under the supervision**
32 **of the commissioner.**

33 (d) During the period of supervision, the commissioner may appoint
34 a supervisor to supervise the insurer. The order appointing a supervisor
35 must direct the supervisor to enforce orders issued under subsection (a)
36 or (b). The order may also provide that the insurer may not do any of
37 the following things, during the period of supervision, without the prior
38 approval of the commissioner or his supervisor:

- 39 (1) Dispose of, convey, or encumber any of its assets or its
40 business in force.
41 (2) Withdraw funds from any of its bank accounts.
42 (3) Lend any of its funds.



- (4) Invest any of its funds.
- (5) Transfer any of its property.
- (6) Incur any debt, obligation, or liability.
- (7) Merge or consolidate with another company.
- (8) Enter into any new reinsurance contract or agreement.
- (9) Restrict the writing of new business on the renewal of existing business.

(e) Any insurer subject to an order under this section must comply with the lawful requirements of the commissioner and, if placed under supervision, has sixty (60) days from the date the supervision order is served within which to comply with the requirements of the commissioner. In the event of the insurer's failure to comply within those time requirements, the commissioner may institute proceedings under IC 27-9-3-1 or IC 27-9-3-6 to have a rehabilitator or liquidator appointed, or extend the period of supervision.

(f) During the period of supervision, the insurer may request the commissioner to review any action taken or proposed to be taken by the supervisor, specifying the reason the action complained of is believed not to be in the best interest of the insurer.

(g) If a person violates a supervision order issued under this section, he is civilly liable up to ten thousand dollars (\$10,000).

(h) The commissioner may apply for and the Marion County circuit court may grant, under IC 4-21.5-6, orders as are necessary and proper to enforce a supervision order.

(i) In the event that a person subject to this article knowingly violates any valid order of the commissioner issued under this section and, as a result of that violation, the net worth of the insurer is reduced or the insurer suffers loss it would not otherwise have suffered, that person is personally liable to the insurer for the amount of that reduction or loss. The commissioner or supervisor is authorized to bring an action on behalf of the insurer in the Marion County circuit court to recover the amount of the reduction or loss together with any costs.

SECTION 3. IC 27-9-3-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. The commissioner may apply by petition to the Marion County circuit court for an order authorizing him to rehabilitate a domestic insurer or an alien insurer domiciled in Indiana on any one (1) of the following grounds:

- (1) The insurer is in a condition that the further transaction of business would be hazardous, financially, to its policyholders, creditors, or the public.
- (2) There is reasonable cause to believe that there has been



embezzlement from the insurer, wrongful sequestration or diversion of the insurer's assets, forgery or fraud affecting the insurer, or other illegal conduct in, by, or with respect to the insurer that if established would endanger assets in an amount threatening the solvency of the insurer.

(3) The insurer has failed to remove any person who in fact has executive authority in the insurer, whether an officer, manager, general agent, employee, or other person, if the person has been found after notice and hearing by the commissioner under IC 4-21.5-3 to be dishonest or untrustworthy in a way affecting the insurer's business.

(4) Control of the insurer, whether by stock ownership or otherwise, and whether direct or indirect, is in a person found after notice and hearing under IC 4-21.5-3 to be untrustworthy.

(5) Any person who in fact has executive authority in the insurer, whether an officer, manager, general agent, director or trustee, employee, or other person, has refused to be examined under oath by the commissioner concerning its affairs, whether in Indiana or elsewhere, and after reasonable notice of the fact the insurer has failed promptly and effectively to terminate the employment and status of the person and all his influence on management.

(6) After demand by the commissioner under this article or IC 27-1-3, the insurer has failed to promptly make available for examination any of its own property, books, accounts, documents, or other records, or those of any subsidiary or related company within the control of the insurer, or those of any person having executive authority in the insurer so far as they concern the insurer.

(7) Without first obtaining the written consent of the commissioner, the insurer has transferred, or attempted to transfer, in a manner contrary to IC 27-1-23 or IC 27-6, substantially all of its entire property or business, or has entered into any transaction the effect of which is to merge, consolidate, or reinsure substantially its entire property or business in or with the property or business of any other person.

(8) The insurer or its property has been or is the subject of an application for the appointment of a receiver, trustee, custodian, conservator, or sequestrator or similar fiduciary of the insurer or its property otherwise than as authorized under this title, and the appointment has been made or is imminent, and the appointment might:

(A) remove the insurer from the jurisdiction of the Indiana



1 courts; or

2 (B) prejudice orderly delinquency proceedings under this
3 article.

4 (9) Within the previous four (4) years the insurer has willfully
5 violated its charter or articles of incorporation, its bylaws, this
6 title, or any valid order of the commissioner under IC 27-9-2-1.

7 (10) The insurer has failed to pay within sixty (60) days after the
8 due date any obligation to any state or any political subdivision of
9 any state or any judgment entered in any state, if the court in
10 which the judgment was entered had jurisdiction over the subject
11 matter. However, nonpayment shall not be a ground until sixty
12 (60) days after any good faith effort by the insurer to contest the
13 obligation has been terminated, whether it is before the
14 commissioner or in the courts, or the insurer has systematically
15 attempted to compromise or renegotiate previously agreed
16 settlements with its creditors on the ground that it is financially
17 unable to pay its obligations in full.

18 (11) The insurer has failed to file its annual report or other
19 financial report required by law and, after written demand by the
20 commissioner, has failed to immediately give an adequate
21 explanation.

22 (12) The board of directors or the holders of a majority of the
23 shares entitled to vote, or a majority of those individuals entitled
24 to the control of those entities, request or consent to rehabilitation
25 under this article.

26 **(13) The insurer is a mutual insurance holding company**
27 **under IC 27-14 and a reorganized insurance company that is**
28 **affiliated with the mutual insurance holding company is or**
29 **has been the subject of a petition for an order authorizing the**
30 **commissioner to rehabilitate the reorganized insurance**
31 **company under this section or to liquidate the reorganized**
32 **insurance company under IC 27-9-3-6, regardless of whether**
33 **another basis exists for petitioning for rehabilitation of the**
34 **mutual insurance holding company.**

35 SECTION 4. IC 27-14 IS ADDED TO THE INDIANA CODE AS
36 A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE UPON
37 PASSAGE]:

38 **ARTICLE 14. MUTUAL INSURANCE HOLDING COMPANY**
39 **LAW**

40 **Chapter 1. General Provisions and Definitions**

41 **Sec. 1. This article may be referred to as the Indiana mutual**
42 **insurance holding company law.**



1 Sec. 2. (a) The requirements of this section constitute the
2 "members' protection principle" for purposes of this article.

3 (b) An MIHC must at all times have the voting power and
4 economic interests required by IC 27-14-5-1.

5 (c) The aggregate value of the members' interests in an MIHC
6 shall be protected from dilution as a result of sales of stock of a
7 reorganized insurer or stock holding company to persons other
8 than the MIHC through compliance with the requirements of
9 IC 27-14-5-6, IC 27-14-5-7, IC 27-14-5-8, and IC 27-14-6-5.

10 (d) Dividends paid on participating policies shall be protected
11 as provided by IC 27-14-3-11.

12 (e) An MIHC, stock holding company, and reorganized insurer
13 shall have outside directors as required by IC 27-14-3-5.

14 (f) The officers and directors of an MIHC and any subsidiary of
15 the MIHC are subject to the restrictions on stock ownership set
16 forth in IC 27-14-5-2, IC 27-14-5-3, IC 27-14-5-9, and
17 IC 27-14-5-10.

18 Sec. 3. The definitions set forth in this chapter apply throughout
19 this article.

20 Sec. 4. (a) Subject to subsection (b), "acting in concert" means:

21 (1) a knowing participation in a joint activity whether or not
22 under an express agreement;

23 (2) interdependent conscious parallel action toward a common
24 goal under an express agreement or otherwise; or

25 (3) a combination or pooling of voting interests or other
26 interests in the securities of any person for a common purpose
27 under any contract, understanding, relationship, agreement,
28 or other arrangement, written or otherwise.

29 (b) An employee benefit plan is acting in concert with:

30 (1) its trustee; or

31 (2) a person who serves in a capacity similar to a trustee;
32 solely for the purpose of determining whether capital stock held by
33 the trustee or the person in a similar capacity and capital stock
34 held by the plan will be aggregated.

35 Sec. 5. "Adoption date" means, with respect to a plan, the date
36 on which the board of directors approves a plan of reorganization
37 or a plan to issue stock.

38 Sec. 6. "Affiliate" means a person who, directly or indirectly:

39 (1) controls;

40 (2) is controlled by; or

41 (3) is under common control with;
42 another person.



1 **Sec. 7. "Applicant" means, with respect to a plan, a person that**
 2 **has submitted a plan to the commissioner under this article.**

3 **Sec. 8. (a) Subject to subsection (b), "associate" means any of**
 4 **the following:**

5 (1) With respect to a particular person, a corporation, a
 6 business entity, or other organization (other than the
 7 applicant or an affiliate of the applicant) for which the person
 8 is:

9 (A) an officer;

10 (B) a partner; or

11 (C) directly or indirectly the beneficial owner of at least
 12 ten percent (10%) of any class of equity securities.

13 (2) With respect to an individual who is a director or an
 14 officer of the applicant or of any of the applicant's affiliates,
 15 a:

16 (A) spouse; or

17 (B) member of the immediate family sharing the same
 18 household.

19 (3) With respect to a particular person, a trust or other estate
 20 in which the person has a substantial beneficial interest or for
 21 which the person serves as trustee or in a similar fiduciary
 22 capacity.

23 (b) The term does not apply to a person that:

24 (1) has a beneficial interest in; or

25 (2) serves as a trustee or in a similar fiduciary capacity for;
 26 an employee benefit plan.

27 **Sec. 9. "Board" means:**

28 (1) the board of directors of an MIHC, an MIC, a stock
 29 holding company, or a reorganized insurer; or

30 (2) another board or committee that is responsible, under the
 31 articles or bylaws of the company, for decisions involving the
 32 structure or management of an MIHC, MIC, stock holding
 33 company, or reorganized insurer.

34 **Sec. 10. "Commissioner" refers to the insurance commissioner**
 35 **appointed under IC 27-1-1-2.**

36 **Sec. 11. "Company" means any of the following:**

37 (1) An MIC.

38 (2) An MIHC.

39 (3) A stock holding company.

40 (4) A reorganized insurer.

41 **Sec. 12. "Effective date" means, with respect to a plan, the date**
 42 **on which the plan becomes effective under this article.**



1 **Sec. 13. "Eligible member"** means, with respect to a plan, a
 2 person who is a member of an MIC or MIHC, as applicable, on the
 3 adoption date of a plan and:

4 (1) solely for purposes of receipt of notice of and voting at a
 5 meeting of members on a plan of reorganization, continues to
 6 be a member of the MIC on the record date for the meeting of
 7 members; or

8 (2) solely for purposes of eligibility to receive stock
 9 subscription rights pursuant to a plan to issue stock, continues
 10 to be a member of the MIC or MIHC, as applicable, on the
 11 date the commissioner approves the plan to issue stock.

12 **Sec. 14. "Employee benefit plan"** means an employee benefit
 13 plan established by an MIHC, or by one (1) or more of the
 14 subsidiaries of an MIHC, for the sole benefit of its:

15 (1) employees; or

16 (2) sales agents.

17 **Sec. 15. "Financial services businesses"** includes:

18 (1) investment banking;

19 (2) commercial banking;

20 (3) industrial banking;

21 (4) savings and loan associations;

22 (5) credit unions;

23 (6) trust companies;

24 (7) other lending and loan brokerage services;

25 (8) services related to the extension of credit, including:

26 (A) real estate and personal property appraisal;

27 (B) arranging equity financing;

28 (C) check-guaranty services;

29 (D) collection agency services;

30 (E) asset management, servicing, and collection activities;

31 (F) real estate settlement services; and

32 (G) lease financing transactions;

33 (9) securities broker-dealer and trading services;

34 (10) private placement services;

35 (11) acting as a futures commission merchant;

36 (12) securities underwriting;

37 (13) transactions in bullion, precious metals, and foreign
 38 currency;

39 (14) investment advisory services;

40 (15) financial planning services;

41 (16) third party administration of insurance policy claims and
 42 accounts receivable;



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- (17) factoring, organization, and operation of investment companies and mutual funds;
- (18) employee benefit planning and consultation services;
- (19) actuarial services;
- (20) issuance of money orders, savings bonds, and traveler's checks; and
- (21) other operations and services either closely related to or properly accompanying these activities.

Sec. 16. "Immediate family" means any child, stepchild, grandchild, parent, stepparent, grandparent, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, and includes adoptive relationships.

Sec. 17. "Internal Revenue Code" refers to the Internal Revenue Code of 1986, as amended.

Sec. 18. "Member" means a person that, according to the:

- (1) records; and
 - (2) articles of incorporation and bylaws;
- of an MIC or MIHC, as applicable, is a member of the MIC or MIHC, as applicable.

Sec. 19. "Member's interest" means:

- (1) the voting rights of a member provided by law and by the MIC's or MIHC's articles of incorporation and bylaws; and
- (2) the right to receive cash, stock, or other consideration in the event of a conversion to a stock company under IC 27-1 through IC 27-13 or a dissolution under IC 27-1-10, as provided by those laws and by the MIC's or MIHC's articles of incorporation or bylaws.

Sec. 20. "Members' surplus" means the amount of the surplus and any net unrealized capital gains of an MIC that exist on the effective date of a reorganization under IC 27-14.

Sec. 21. "MIC" refers to a mutual insurance company.

Sec. 22. "MIHC" refers to a mutual insurance holding company.

Sec. 23. "Mutual insurance company" or "MIC" means a mutual insurer that is:

- (1) submitting; or
- (2) subject to;

a plan of reorganization or plan to issue stock under this article.

Sec. 24. "Mutual insurance holding company" or "MIHC" means a mutual insurance holding company established under IC 27-14-2.

Sec. 25. "Net unrealized capital gains" means unrealized capital



gains less unrealized capital losses for the same accounting period.

Sec. 26. "Ordinary course of the insurance business" includes expanding the business of any company as of the effective date of a plan of reorganization into other insurance, insurance related, and financial services businesses.

Sec. 27. (a) "Outside director" means an individual who:

(1) is a member of a board of:

(A) an MIHC;

(B) a stock holding company; or

(C) a reorganized insurer;

(2) is not, and has not been within the last three (3) years, an officer of, an employee of, or a consultant to the entity or any affiliate of the entity referred to in subsection (a)(1) of whose board the individual is a member;

(3) with respect to a director of an MIHC that does not, directly or indirectly, own all of the stock of each of its reorganized insurers, is not, and has not been within the last three (3) years, a director of a stock holding company or a reorganized insurer that is affiliated with the MIHC; and

(4) is not a spouse of, or a member of the immediate family who shares the same household with an officer of, an employee of, or a consultant to the entity or any affiliate of the entity referred to in subsection (a)(1) of whose board the individual is a member.

(b) For the purpose of this section, a consultant is an individual who directly derives more than thirty-three percent (33%) of the consultant's income in any calendar year from the MIHC or any affiliate of the MIHC or an associate of a person who derives more than thirty-three percent (33%) of its income in any calendar year from the MIHC or any affiliate of the MIHC.

Sec. 28. "Participating policy" means a policy providing for the distribution of policy dividends.

Sec. 29. "Person" means any of the following:

(1) An individual.

(2) An aggregation of individuals acting in concert.

(3) A trust.

(4) An association.

(5) A partnership.

(6) A limited liability company.

(7) A corporation.

Sec. 30. "Plan" means a plan:

(1) of reorganization; or



1 (2) to issue stock.

2 Sec. 31. "Plan of reorganization" means a plan adopted under
3 IC 27-14-2.

4 Sec. 32. "Plan to issue stock" means a plan to issue shares of a
5 stock holding company or a reorganized insurer adopted under
6 IC 27-14-4.

7 Sec. 33. "Policy" means a contract providing one (1) or more of
8 the kinds of insurance described in IC 27-1-5-1.

9 Sec. 34. "Reorganized insurer" means:

10 (1) a domestic stock insurance company that is owned entirely
11 or in part by an MIHC or a stock holding company; and

12 (2) the policyholders of which may be or are entitled to
13 become members of the MIHC.

14 Sec. 35. "Stock holding company" means an entity other than a
15 reorganized insurer and its subsidiaries that:

16 (1) is owned entirely or in part, directly or indirectly, by an
17 MIHC; and

18 (2) directly or indirectly owns all or part of the capital stock
19 of a reorganized insurer.

20 Sec. 36. "Subsidiary" means, with respect to a particular
21 person, an affiliate of the person that is controlled by the person,
22 either:

23 (1) directly; or

24 (2) indirectly, through one (1) or more intermediaries.

25 Sec. 37. "Voting capital stock" means capital stock whose holder
26 has the right to vote in the election of directors.

27 Chapter 2. Mutual Insurance Company Reorganization

28 Sec. 1. (a) A mutual insurance company (MIC) may reorganize
29 under this chapter as a mutual insurance holding company
30 (MIHC) with one (1) or more subsidiaries after the following have
31 occurred:

32 (1) The favorable vote of its board of directors to reorganize.

33 (2) The filing of an application with the commissioner.

34 (3) A notice of a public hearing made to its members and the
35 public.

36 (4) At least one (1) public hearing conducted by the
37 commissioner.

38 (5) The approval of the plan by the commissioner.

39 (6) A favorable vote of the eligible members of the MIC.

40 (7) The issuance of an order of completion by the
41 commissioner.

42 (b) The subsidiaries of an MIHC:



- (1) must include at least one (1) reorganized insurer;
- (2) may include one (1) or more stock holding companies; and
- (3) may include one (1) or more stock insurance companies, the policyholders of which are not and do not become members of the MIHC.

Sec. 2. The reorganization of an MIC or two (2) or more MICs into an MIHC structure under this chapter may be accomplished by any means approved by the commissioner, including the following:

- (1) The establishment of at least one (1) company.
- (2) The amendment or restatement of the articles and bylaws of any company.
- (3) The transfer or acquisition of any or all of the assets and liabilities or of the stock of any company.
- (4) The merger or consolidation of two (2) or more MICs.
- (5) The merger or consolidation of two (2) or more stock holding companies as part of the merger of two (2) or more MIHCs.
- (6) The merger or consolidation of two (2) or more stock insurance companies.
- (7) The merger of an MIC's membership interests into any existing MIHC, with the continued corporate existence of the reorganized MIC as a reorganized insurer.

Sec. 3. (a) A plan of reorganization must be adopted by the board of directors of the MIC.

(b) For a plan of reorganization to be adopted by the board of directors of an MIC, at least seventy-five percent (75%) of the members of the board of directors must vote in favor of the adoption.

Sec. 4. Within ninety (90) days after the adoption of a plan of reorganization and before a vote on the plan by the members, the company adopting the plan must file with the commissioner an application containing the following:

- (1) A plan of reorganization.
- (2) The form of the notices to be sent to members under sections 8 and 12(b) of this chapter.
- (3) A copy of the:
 - (A) proposed articles of incorporation; and
 - (B) bylaws;
 of each company to be formed under the plan, including the reorganized insurer in compliance with the requirements of IC 27-1-6.



(4) If it is necessary to amend the current articles of incorporation or bylaws of any company that is affected by the plan, a copy of:

(A) the proposed articles of amendment or amended and restated articles of incorporation; and

(B) amended or restated bylaws;

of the company, which in the case of each domestic insurance company must comply with the requirements of IC 27-1-8.

(5) With respect to participating policies and contracts of the reorganized insurer, a description of:

(A) the current dividend practices of the MIC; and

(B) the dividend practices to be followed by the reorganized insurer following the effective date of reorganization.

Sec. 5. A plan of reorganization filed with the commissioner under this chapter must meet the following requirements:

(1) It must describe all significant terms of the proposed reorganization.

(2) It must describe in narrative form any plan to issue stock that may be proposed in connection with the plan of reorganization.

(3) It must:

(A) describe the reasons for and purposes of the proposed reorganization;

(B) describe the manner in which the reorganization is expected to benefit and serve the best interests of the members; and

(C) include an analysis of the risks and benefits to the MIC and its members of the proposed reorganization, and compare those risks and benefits with the risks and benefits of reasonable alternatives (including demutualization of the MIC) to the reorganization.

(4) It must provide that:

(A) a member's interest in the MIC becomes a member's interest in the MIHC;

(B) the members' protection principle will govern the actions of the MIHC and its subsidiaries;

(C) a member's interest in the MIHC may not be transferred, assigned, pledged, or alienated in any manner except in connection with a transfer, assignment, pledge, or alienation of the policy from which the member's interest is derived; and

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- 1 (D) a member's interest in an MIHC will automatically
 2 terminate upon the lapse or other termination of the policy
 3 from which the member's interest is derived.
- 4 (5) It must describe how the plan of reorganization is to be
 5 effected, including a description of a contemplated transfer,
 6 acquisition, or assumption of assets, rights, franchises,
 7 interests, debts, liabilities, or other obligations of the
 8 applicant and any other company affected by the plan of
 9 reorganization.
- 10 (6) It must describe the:
- 11 (A) establishment of companies;
 12 (B) amendment or restatement of the articles of
 13 incorporation and bylaws of a company; and
 14 (C) merger of companies;
 15 that will take place under the plan of reorganization.
- 16 (7) It must provide a list of:
- 17 (A) all individuals who are or have been selected to become
 18 directors or officers of the MIHC or any company that is
 19 a subsidiary of the MIHC; and
 20 (B) other individuals who perform or will perform duties
 21 customarily performed by a director or officer.
- 22 (8) The list prepared under subdivision (7) must include, for
 23 each individual on the list:
- 24 (A) the individual's principal occupation;
 25 (B) all offices and positions the individual has held in the
 26 preceding five (5) years;
 27 (C) any crime of which the individual has been convicted
 28 (other than traffic violations) in the preceding ten (10)
 29 years;
 30 (D) information concerning any personal bankruptcy of
 31 the individual or the individual's spouse during the
 32 previous seven (7) years;
 33 (E) information concerning the bankruptcy of any
 34 corporation of which the individual was an officer or
 35 director during the previous seven (7) years;
 36 (F) information concerning any state or federal securities
 37 law allegations against the individual that within the
 38 previous ten (10) years resulted in:
- 39 (i) a determination that the individual violated the state
 40 or federal securities law;
 41 (ii) a plea of nolo contendere; or
 42 (iii) a consent decree;



(G) information concerning the revocation during the previous ten (10) years of any state or federal license issued to the individual; and

(H) information as to whether the individual was refused a performance or other bond during the previous ten (10) years.

(9) It must provide that any policy of any reorganized insurer that goes into force after the effective date of the reorganization, will provide that:

(A) the owner of the policy; or

(B) another person or persons specified in:

(i) the policy; or

(ii) the MIHC's articles of incorporation or bylaws;

becomes a member of the MIHC. However, a plan of reorganization may provide that any person who becomes an owner of a policy or who would otherwise become a member under a policy issued during a particular period of not more than one (1) year immediately after the effective date of the plan of reorganization will not become a member until after the expiration of that period.

(10) It must provide that, with regard to a policy of the MIC in force on the effective date of the plan of reorganization:

(A) the policy continues to remain in force under the policy's terms as the policy of a reorganized insurer;

(B) the holder of a participating policy continues to have the right to receive policy dividends as provided for in the policy; and

(C) the policyholder's right to benefits, values, guarantees, and other contractual obligations of the MIC continues after the effective date of the plan of reorganization as obligations of the reorganized insurer.

(11) It must describe the nature and content of the report and financial statement to be sent annually to each member following the reorganization.

(12) It must provide that, in the event of proceedings under IC 27-9 involving a reorganized insurer, the assets of the MIHC that is affiliated with the reorganized insurer are available to satisfy the policyholder obligations of the reorganized insurer.

(13) It must provide that the name of the reorganized insurer does not include the term "mutual", except as approved by the commissioner as not being misleading to the policyholders



or the public.

(14) It must provide any additional information that the commissioner may request.

Sec. 6. (a) A plan of reorganization that is adopted by the board of directors of the applicant may be:

(1) amended by the board of directors of the applicant:

(A) in response to the comments or recommendations of the commissioner, or any other state or federal agency or entity, before any solicitation of proxies from the members to vote on the plan of reorganization; and

(B) otherwise, with the consent of the commissioner; or

(2) terminated by the board of directors of the applicant:

(A) before notice is sent to the members under section 8 of this chapter; or

(B) with the consent of the commissioner.

(b) For a plan of reorganization to be:

(1) amended; or

(2) terminated;

by the board of directors of an MIC, at least seventy-five percent (75%) of the members of the board of directors must vote in favor of the amendment or termination.

Sec. 7. (a) The commissioner shall, as soon as practicable after a plan of reorganization is filed with the commissioner but not more than ninety (90) days (or such longer period after the plan is filed as the commissioner determines for good cause), conduct a public hearing under IC 4-22-2-26 to afford interested persons an opportunity to present information, views, arguments, or comments about the plan.

(b) At least thirty (30) days before a hearing held under this section, the commissioner shall publish notice of the hearing in a newspaper of general circulation in:

(1) the city of Indianapolis;

(2) the city in which the principal office of the applicant is located; and

(3) other cities or towns that the commissioner considers appropriate.

The commissioner may provide written notice of the hearing by other means and to other persons that the commissioner considers appropriate.

(c) The notice provided under this section must:

(1) refer to the applicable statutory provisions;

(2) state the date, time, and location of the hearing; and



(3) include a brief statement of the subject of the hearing.

(d) At the discretion of the commissioner or the commissioner's appointee, testimony may be taken under oath or by affirmation at a public hearing under this article.

Sec. 8. The applicant shall, at least thirty (30) days before the public hearing required under this chapter, mail notice of the public hearing to the last known address of each member and policyholder of the MIC as shown on the books of the MIC. The notice must achieve a minimum score of forty (40) on the Flesch reading ease test or an equivalent score on a comparable test approved by the commissioner. The notice must include the following:

(1) Reference to the applicable statutory provisions.

(2) A statement of the date, time, and location of the hearing.

(3) A brief statement of the subject of the hearing, including specific notice to the member that the member's interest in the MIC will be affected by the reorganization.

Sec. 9. The commissioner may not approve a plan of reorganization submitted under this article unless the applicant has shown, by a preponderance of the evidence, that the plan of reorganization:

(1) complies with the law;

(2) includes the disclosures and notices required under this article;

(3) is fair, reasonable, and equitable to the members and policyholders of the MIC; and

(4) complies with the members' protection principle.

Sec. 10. (a) Not more than one hundred eighty (180) days after the filing of the application and submission of all other information requested by the commissioner relative to the plan, or a longer period if extended by the commissioner for good cause, the commissioner shall approve or disapprove the plan of reorganization. The commissioner's approval of the plan must be conditioned upon:

(1) the approval of the plan by the eligible members under this chapter; and

(2) the requirements of sections 16 and 17 of this chapter.

(b) The commissioner shall fully consider any comments received at the public hearing under IC 4-22-2-27 before issuing an order under subsection (a).

Sec. 11. The commissioner shall notify the applicant upon reaching a decision on a plan of reorganization.



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1 **Sec. 12. (a) A plan of reorganization of an MIC must be**
 2 **submitted for approval by the eligible members of the MIC after**
 3 **approval of the application by the commissioner under section 10**
 4 **of this chapter. A vote by the eligible members to approve the plan**
 5 **must be made at a special or annual meeting held under**
 6 **IC 27-1-7-7 and this chapter.**

7 **(b) The eligible members must be sent notice of the meeting at**
 8 **which a plan of reorganization will be submitted for approval by**
 9 **eligible members. The notice must:**

- 10 **(1) be mailed at least thirty (30) days before the meeting;**
- 11 **(2) refer to the applicable statutory provisions;**
- 12 **(3) state the date, time, and location of the meeting;**
- 13 **(4) include or be accompanied by a brief statement of the**
 14 **subject of the meeting, including specific notice to the member**
 15 **that the member's interest in the MIC will be affected by the**
 16 **reorganization;**
- 17 **(5) include or be accompanied by a copy of the plan or a**
 18 **summary of the plan; and**
- 19 **(6) describe the member's right to attend and participate in**
 20 **the meeting.**

21 **(c) The notice sent under this section must achieve a minimum**
 22 **score of forty (40) on the Flesch reading ease test or an equivalent**
 23 **score on a comparable test approved by the commissioner.**

24 **Sec. 13. Notwithstanding IC 27-1-7-9, with respect to a vote**
 25 **under section 12 of this chapter, an eligible member:**

- 26 **(1) may vote in person or by proxy if the proxy soliciting**
 27 **material:**
 - 28 **(A) includes reference to the applicable statutory**
 29 **provisions;**
 - 30 **(B) states the date, time, and location of the meeting;**
 - 31 **(C) contains a brief statement of the subject of the meeting,**
 32 **including specific notice that the member's interest in the**
 33 **MIC will be affected by the reorganization;**
 - 34 **(D) was solicited and obtained from the member after the**
 35 **commissioner has approved the plan of reorganization**
 36 **under this article; and**
 - 37 **(E) was found to be sufficient in the reasonable**
 38 **determination of the commissioner for the eligible**
 39 **members to make an informed decision about the plan of**
 40 **reorganization; and**
- 41 **(2) is entitled to cast only one (1) vote on the proposed plan of**
 42 **reorganization, regardless of the number of policies or the**



amount of insurance that the member has with the MIC or any affiliate of the MIC.

Sec. 14. For a plan of reorganization to be approved by the members of an MIC:

(1) the plan of reorganization must be approved at a meeting at which at least ten percent (10%) of the eligible members are represented in person or by proxy; and

(2) at least two-thirds (2/3) of the eligible members voting in person or by proxy must vote in favor of the plan.

Sec. 15. Not later than thirty (30) days after members have approved a plan of reorganization at a special or annual meeting of members under this chapter, an applicant must file with the commissioner the minutes of the meeting at which the plan of reorganization was approved.

Sec. 16. (a) Before the commissioner issues a permit for completion of organization under subsection (b):

(1) a public hearing must have been conducted under this chapter;

(2) the commissioner must have issued notice to the applicant that the commissioner has approved the plan of reorganization of the applicant under section 10 of this chapter; and

(3) the commissioner must have received the minutes of the meeting of the members at which the plan was approved reflecting that the plan of reorganization was on the agenda and the plan was approved.

(b) After the events referred to in subsection (a), the commissioner shall issue:

(1) a permit for completion of organization of the MIHC; and

(2) in the case of:

(A) a newly organized domestic insurance company, a permit for completion of organization as provided in IC 27-1-6-11; or

(B) amended articles of incorporation of a domestic insurance company, an amended certificate of authority as provided in IC 27-1-8-9.

Sec. 17. A plan of reorganization is effective when each reorganized insurer and MIHC affected by the plan has filed:

(1) its articles of incorporation or, if appropriate, its articles of amendment; and

(2) the certificate of authority and any amended certificate of authority issued to the company by the commissioner under



1 this chapter;
2 in the office of the county recorder of the county in which the
3 principal office of the company is located, or at any later date
4 specified in the plan of reorganization.

5 Sec. 18. The organization of a domestic insurance company
6 under a plan of reorganization under this article must be
7 conducted under IC 27-1-6 concerning the formation of domestic
8 insurance companies.

9 Sec. 19. The amendment of the articles of incorporation of a
10 domestic insurance company under a plan of reorganization under
11 this article must be conducted in compliance with IC 27-1-8.

12 Chapter 3. Mutual Insurance Holding Companies

13 Sec. 1. An MIHC organized under this article must meet the
14 requirements of IC 27-14-2.

15 Sec. 2. The articles of incorporation of an MIHC must contain
16 the following, or provisions at least substantially equivalent to the
17 following:

18 (1) The name of the MIHC, which must include the term
19 "mutual" or the abbreviation "MIHC".

20 (2) A provision specifying that the MIHC does not have the
21 power to engage in the business of issuing insurance policies
22 or contracts.

23 (3) A provision specifying that the MIHC is not authorized to
24 issue voting or any other capital stock.

25 (4) A provision setting forth the rights of members of the
26 MIHC in the equity of the MIHC in the event of a conversion
27 to a stock company under Indiana law or a dissolution under
28 IC 27-1-10, including the rights of the members to the assets
29 of the MIHC.

30 (5) A provision specifying that:

31 (A) a member of the MIHC is not, as a member, personally
32 liable for the acts, debts, liabilities, or obligations of the
33 MIHC; and

34 (B) no assessment may be imposed upon the members of
35 the MIHC by any person, including:

36 (i) the board of directors, members, or creditors of the
37 MIHC; and

38 (ii) any governmental office or official, including the
39 commissioner;

40 because of any liability of any company or because of any
41 act, debt, or liability of the MIHC.

42 Sec. 3. Members of an MIHC have rights and obligations



1 specified in:

- 2 (1) this article; and
 3 (2) the articles of incorporation and bylaws of the MIHC.

4 **Sec. 4. The MIHC may not make a direct payment of income,**
 5 **dividends, or other distribution of profits to a member of an MIHC**
 6 **with respect to a membership interest in the MIHC, other than as**
 7 **directed or approved by the commissioner.**

8 **Sec. 5. (a) At least a majority of the following must be made up**
 9 **of outside directors:**

- 10 (1) The board of directors of an MIHC.
 11 (2) The board of directors of a stock holding company.
 12 (3) The board of directors of a reorganized insurer.
 13 (4) Any audit committee or executive committee of the board
 14 of directors of:
 15 (A) an MIHC;
 16 (B) a stock holding company; or
 17 (C) a reorganized insurer.

18 (b) All of the directors who are members of any management
 19 compensation committee of the following entities must be outside
 20 directors:

- 21 (1) An MIHC.
 22 (2) A stock holding company.
 23 (3) A reorganized insurer.

24 (c) All of the directors who are members of any pricing
 25 committee of the following entities with responsibility for
 26 approving the price of stock sold in any offering under this article
 27 must be outside directors:

- 28 (1) A stock holding company.
 29 (2) A reorganized insurer.

30 (d) The commissioner may determine, after furnishing the
 31 affected company and director with notice and opportunity to be
 32 heard, that an individual does not qualify as an outside director or
 33 otherwise should not be considered an outside director. Such an
 34 individual may continue to serve as a director, but from the date
 35 the commissioner notifies the affected company in writing of his
 36 determination and the basis therefor, the individual may not be
 37 considered an outside director.

38 (e) A director's failure to qualify as or be considered an outside
 39 director does not affect the validity of any action taken by the
 40 company, the board of directors, or any committee of the board of
 41 directors.

42 **Sec. 6. (a) Except as provided in subsection (b), an MIHC:**



(1) has and may exercise all the rights and privileges of insurance companies formed under this title; and

(2) is subject to all the requirements and regulations imposed upon insurance companies formed under this title.

(b) The exceptions referred to in subsection (a) are as follows:

(1) An MIHC does not have the right or privilege to write insurance (except through an insurance company subsidiary) and is not subject to any requirement or rule adopted under IC 4-22-2 relating to the writing of insurance.

(2) An MIHC is not subject to the deposit requirement in IC 27-1-6-15(d).

(3) An MIHC is not subject to any statute or rule adopted under IC 4-22-2 that is imposed upon insurance companies formed under this title to the extent that the statute or rule is in conflict with this article.

(4) An MIHC is not subject to the investment requirements under IC 27-1-12 or IC 27-1-13 that limit or restrict investments in subsidiaries.

(5) An MIHC is not subject to risk based capital requirements under IC 27-1-36.

(6) An MIHC is not subject to a requirement under IC 27 if the commissioner determines by order or rule adopted by the commissioner under IC 4-22-2 that the requirement does not apply to the MIHC.

Sec. 7. (a) Not later than July 1 of each year, an MIHC shall file with the commissioner an annual statement containing the following information:

(1) Audited financial statements, including:

(A) an income statement;

(B) a balance sheet;

(C) a statement of cash flows; and

(D) footnotes.

(2) Complete information on the status of any condition imposed in connection with the approval of a plan of reorganization.

(3) An investment plan covering all assets of the MIHC.

(4) A statement that the MIHC and its affiliates have complied with section 8 of this chapter.

(5) A statement that describes any changes in the members' interests and the reason for any change in the members' interests.

(b) Not later than July 1 of the first, second, and third years



after completion of a reorganization under IC 27-14-2, a reorganized insurer shall file with the commissioner:

(1) a certificate of an actuary stating that the methodology used by the reorganized insurer for any payment of policyholder dividends in the previous year complied with the methodology stated in the plan submitted under IC 27-14-2-4(5) or other methodology approved by the commissioner; and

(2) a certificate of an independent auditor of the reorganized insurer that the calculation of any participating policy dividends paid during the previous year complied with the methodology stated in the plan submitted under IC 27-14-2-4(5) and was accurate.

(c) If the certification of the actuary or auditor required in subsection (b) has not been filed or if the commissioner has other reasonable cause, the commissioner may employ at the expense of the reorganized insurer an independent actuary or auditor, or both, to issue the certifications required in subsection (b).

(d) The requirement to submit the certifications under subsection (b) may be extended by the commissioner beyond the third year after completion of a reorganization under IC 27-14-2:

(1) by order applicable to a particular reorganized insurer if the commissioner determines that further certifications are necessary for the protection of the interests of the policyholders of the reorganized insurer; and

(2) by rule adopted under IC 4-22-2 if the commissioner determines that further certifications are necessary for the protection of the interests of the policyholders of all reorganized insurers or a particular class of reorganized insurers.

Sec. 8. (a) For the purposes of IC 27-1-23:

(1) an MIHC and its affiliates constitute an insurance holding company system; and

(2) an MIHC is considered to be an "insurer".

However, a separate filing or an approval is not required under IC 27-1-23 for an acquisition or a reorganization that is included in a plan approved under this article.

(b) For the purposes of this section, a "material transaction" means:

(1) a transaction described in IC 27-1-23-4(b) between:

(A) an MIHC and any affiliate; or

(B) between any affiliates of an MIHC;



1 if the transaction equals or exceeds the percentages of
 2 admitted assets or surplus set forth in IC 27-1-23-4(b) of any
 3 reorganized insurer of the MIHC; or

4 (2) a transaction described in IC 27-1-23-4(b) between an
 5 MIHC and any person as specified in a rule adopted by the
 6 commissioner under IC 4-22-2 or an order issued by the
 7 commissioner.

8 (c) An MIHC may not enter into a material transaction unless
 9 the MIHC has notified the commissioner in writing of its intention
 10 to enter into a material transaction at least thirty (30) days before
 11 the transaction, or such shorter period as the commissioner may
 12 permit, and the commissioner has not disapproved the transaction
 13 within that period.

14 (d) In addition to the requirements of IC 27-1-23-4(a) and
 15 IC 27-1-23-4(d), a material transaction must:

- 16 (1) be fair and reasonable to the members of the MIHC; and
- 17 (2) not violate the members' protection principle.

18 (e) An MIHC and its affiliates may not enter into transactions
 19 that are part of a plan or series of like transactions if the purpose
 20 of those separate transactions is to circumvent any rules of the
 21 commissioner prohibiting a material transaction or this section.

22 **Sec. 9.** The interest of a member in an MIHC does not constitute
 23 a security under Indiana law.

24 **Sec. 10.** (a) After the effective date of a plan of reorganization,
 25 the officers and directors of the MIHC:

- 26 (1) owe the same fiduciary responsibilities to members of the
- 27 MIHC as the officers and directors of the former MIC owed
- 28 to members of the former MIC; and
- 29 (2) are subject to potential liability to members of the MIHC
- 30 to the same extent as the officers and directors of the former
- 31 MIC were to members of the former MIC before the effective
- 32 date of the plan of reorganization.

33 (b) An action may be brought to recover for the violation of
 34 fiduciary responsibilities under this article under IC 34-11-2-4 or,
 35 in the case of fraud, under IC 34-11-2-7.

36 **Sec. 11.** (a) The reorganized insurer must obtain commissioner
 37 approval of the dividend practices with respect to participating
 38 policies and contracts in force as of the effective date of the
 39 reorganization to be followed by the reorganized insurer as set
 40 forth in IC 27-14-2-4(5) if the dividend practices of the reorganized
 41 insurer will be different from the dividend practices of the MIC.

42 (b) The commissioner may require the establishment of a closed



1 block or other mechanism that the commissioner finds to be fair
2 for the protection of MIC policyholder dividends.

3 (c) The dividend practices of the reorganized insurer, the
4 requirement to establish a closed block or other mechanism, or the
5 terms of the closed block may be modified after approval under
6 subsection (a) or after a reorganization under IC 27-14-2 only with
7 the prior approval of the commissioner on application of the
8 reorganized insurer.

9 (d) Neither a stock holding company nor a reorganized insurer
10 may pay dividends or make other distributions with respect to its
11 stock to its shareholders if the reorganized insurer has failed to pay
12 policyholder dividends in compliance with this section.

13 Sec. 12. Members' surplus may be used only in the ordinary
14 course of the insurance business.

15 Chapter 4. Issuance of Capital Stock

16 Sec. 1. (a) This chapter applies only to the initial public offering
17 of voting capital stock by a reorganized insurer or stock holding
18 company.

19 (b) A reorganized insurer or a stock holding company may issue
20 any type of stock permitted by the law under which it is organized.
21 However, a reorganized insurer and a stock holding company may
22 issue shares of stock to a person or entity other than:

- 23 (1) the MIHC of which it is a subsidiary; or
- 24 (2) a stock holding company or reorganized insurer that is a
25 direct or indirect subsidiary of the MIHC referred to in
26 subdivision (1);

27 only in compliance with this article.

28 Sec. 2. A plan to issue stock under this chapter must be adopted:

- 29 (1) in the case of a plan to issue stock that is concurrent with
30 the formation of the MIHC, by the board of directors of the
31 MIC; or
- 32 (2) in the case of a plan to issue shares of stock that is not
33 concurrent with the formation of the MIHC, by the board of
34 directors of the MIHC and reorganized insurer or stock
35 holding company proposing to issue the stock.

36 Sec. 3. A board of directors that adopts a plan to issue stock
37 under this chapter may amend or withdraw that plan at any time
38 before the effective date. However, after the commissioner has
39 approved a plan to issue stock, the plan may not be amended unless
40 the commissioner approves the amendment.

41 Sec. 4. Within ninety (90) days after the adoption of a plan to
42 issue stock, the reorganized insurer or stock holding company



adopting the plan must file with the commissioner an application that contains the following:

- (1) A proposed plan to issue stock.
- (2) A description of the reasons for and purpose of the proposed plan and the manner in which the issuance will benefit the members of the MIHC.
- (3) If it is necessary to amend the current articles of incorporation or bylaws of a company that is affected by the plan, a copy of the proposed articles of amendment and amended bylaws of the company, which in the case of each domestic insurance company must comply with IC 27-1-8.
- (4) A list of the officers and directors of a company that is affected by the plan.
- (5) A description of:
 - (A) the stock intended to be offered by the applicant;
 - (B) all shareholder rights applicable to the stock intended to be offered by the applicant;
 - (C) the total number of shares authorized to be issued;
 - (D) the estimated number of shares the applicant intends to offer; and
 - (E) the intended date or range of dates for the offering.
- (6) A list of:
 - (A) the name of any underwriter, syndicate member, or placement agent involved;
 - (B) if known by the applicant, the name of each person or group of persons who will control five percent (5%) or more of the total outstanding shares of the class of stock to be offered; and
 - (C) if any of the persons listed under clause (A) or (B) is a corporation or other business organization, the name of each member of its board of directors or equivalent management body.
- (7) A description of all expenses expected to be incurred in connection with the offering.
- (8) Any other information requested by the commissioner.

Sec. 5. A plan to issue stock in a public offering (other than an offering solely in connection with a consolidation, merger, share exchange, or other business combination or an offering of stock under a stock option or other employee benefit plan) must do the following:

- (1) Provide for each eligible member to receive, without payment, nontransferable subscription rights to purchase a



portion of the stock of the applicant.

(2) Specify how subscription rights are to be allocated in whole shares of stock among the eligible members.

(3) Provide a fair and equitable means for allocating shares of stock in the event of an oversubscription to the shares by eligible members exercising subscription rights received under this chapter.

(4) Provide that any shares of stock not subscribed to by eligible members exercising subscription rights received under this chapter, or not subscribed to by an employee benefit plan or by directors, officers, and employees exercising subscription rights, will be sold:

(A) in a public offering through an underwriter;

(B) through private placement; or

(C) by any other method approved by the commissioner that is fair and equitable to members.

(5) Provide that the MIHC will adopt articles of incorporation or articles of amendment that include a provision prohibiting the MIHC from waiving any dividends from its subsidiaries except after approval of the waiver by the board of directors of the MIHC and by the commissioner.

(6) Establish a pricing committee within the board of directors of the entity making the offering of stock, consisting exclusively of outside directors.

(7) Require that the shares not be issued without the favorable written opinion of the independent financial adviser as required by IC 27-14-6-4.

Sec. 6. Subject to the limitations of IC 27-14-5, a plan to issue stock may do the following:

(1) Provide an allocation without payment of nontransferable subscription rights to purchase not more than ten percent (10%) of the total amount of outstanding stock to one (1) or more employee benefit plans that satisfy the requirements of section 401(a), 403(b), 404(c), 408, 423, or 501(c)(9) of the Internal Revenue Code, limited to the extent that unsubscribed shares of stock remain after the members have exercised their subscription rights.

(2) Provide for:

(A) the establishment of; and

(B) the allocation of not more than four percent (4%) of the total amount of outstanding stock to;

an employee benefit plan that provides benefits that are



1 subject to taxation under Section 83 of the Internal Revenue
 2 Code or that complies with the requirements of Section 422 of
 3 the Internal Revenue Code, for the purpose of granting stock
 4 or stock options.

5 (3) Provide that the articles of incorporation of a subsidiary
 6 of the MIHC may, subject to specified exceptions, prohibit a:

7 (A) person; or

8 (B) group of persons acting in concert;
 9 acting directly or through associates, from acquiring more
 10 than a specified percentage of any class of the issued and
 11 outstanding shares of capital stock of the issuing subsidiary.

12 (4) Provide that the aggregate number of shares of
 13 outstanding stock purchased by an eligible member that
 14 exercises subscription rights may not exceed:

15 (A) a specified number of shares equal to at least one
 16 percent (1%) of the total number of outstanding shares; or

17 (B) a specified percentage of not less than one percent
 18 (1%) of the total number of outstanding shares.

19 (5) Provide that subscription rights need not be granted to an
 20 eligible member who resides in a foreign country or other
 21 jurisdiction for which the commissioner determines that all of
 22 the following apply:

23 (A) A small number of eligible members reside in the
 24 jurisdiction.

25 (B) The granting of subscription rights or the offer or sale
 26 of stock to eligible members in the jurisdiction would
 27 require the issuer or its officers or directors to:

28 (i) register, under the securities laws of the jurisdiction,
 29 as a broker, dealer, salesman, or agent; or

30 (ii) register, or otherwise qualify, the stock for sale in the
 31 jurisdiction.

32 (C) The registration, qualification, or filing in the
 33 judgment of the commissioner would be impracticable or
 34 unduly burdensome for reasons of cost or otherwise.

35 (6) Provide that an eligible member that exercises
 36 subscription rights must subscribe for at least a minimum
 37 number of shares of stock or a minimum dollar amount of
 38 stock unless the commissioner has determined that either
 39 minimum is unreasonable based on the respective interests of
 40 the issuer of stock and the eligible members.

41 Sec. 7. Notwithstanding any provision of this article, an MIHC
 42 or an affiliate of an MIHC may not use any form of a stock option



1 or other preference with respect to the sale or purchase of any
 2 stock or other equity instrument of the MIHC or an affiliate of the
 3 MIHC to compensate an officer or director of the MIHC or an
 4 affiliate of the MIHC for services in connection with a plan to issue
 5 stock.

6 Sec. 8. Neither a stock holding company nor a reorganized
 7 insurer may pay dividends or make other distributions with
 8 respect to its stock to its shareholders if the reorganized insurer
 9 has failed to pay policyholder dividends under IC 27-14-3-11.

10 Chapter 5. Restrictions on Capital and Other Stock

11 Sec. 1. After the effective date of the plan of reorganization, the
 12 MIHC must at all times have the direct or indirect:

13 (1) power to cast at least fifty-one percent (51%) of the votes
 14 on all matters submitted to a vote of the holders of common
 15 stock (or any other class of stock entitled to vote generally on
 16 matters submitted to security holders for a vote, including the
 17 election of directors) of each reorganized insurer and any
 18 stock holding company of the MIHC; and

19 (2) ownership of shares of stock entitled to:

20 (A) receipt of at least fifty-one percent (51%) of all
 21 dividends declared on common stock of each reorganized
 22 insurer and any stock holding company of the MIHC; and
 23 (B) receipt of at least fifty-one percent (51%) of the net
 24 proceeds to common stockholders upon any dissolution of
 25 each reorganized insurer and any stock holding company
 26 of the MIHC.

27 Sec. 2. (a) As used in this section, "CPI adjustment" means the
 28 percentage increase or decrease in the Consumer Price Index for
 29 Urban Wage Earners and Clerical Workers published monthly by
 30 the United States Bureau of Labor Statistics or any successor index
 31 published by the United States, as of the end of each calendar year,
 32 commencing January 1, 1999.

33 (b) The CPI adjustment referred to under subsection (c) of this
 34 section shall be made by the commissioner as of January 1, 2000,
 35 and each year thereafter, based on the CPI adjustment for the
 36 preceding year.

37 (c) The aggregate number of shares of equity securities owned
 38 by all of the directors and officers of the MIHC and its affiliates
 39 and associates, excluding any shares acquired by or held for the
 40 benefit of the officers and directors and their associates through an
 41 employee benefit plan as permitted by IC 27-14-4-6(1) and section
 42 5 of this chapter, may not exceed the following:



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(1) Fifteen percent (15%) of the total number of outstanding shares of equity securities of each reorganized insurer and any stock holding company if the total surplus of the MIHC and all of its reorganized insurers is greater than one billion five hundred million dollars (\$1,500,000,000), as adjusted annually by the CPI.

(2) Twenty percent (20%) of the total number of outstanding shares of equity securities of each reorganized insurer and any stock holding company if the total surplus of the MIHC and all of its reorganized insurers is greater than seven hundred fifty million dollars (\$750,000,000), as adjusted annually by the CPI, and less than or equal to one billion five hundred million dollars (\$1,500,000,000), as adjusted annually by the CPI.

(3) Twenty-five percent (25%) of the total number of outstanding shares of equity securities of each reorganized insurer and any stock holding company if the total surplus of the MIHC and all of its reorganized insurers is greater than two hundred fifty million dollars (\$250,000,000), as adjusted annually by the CPI, and less than or equal to seven hundred fifty million dollars (\$750,000,000), as adjusted annually by the CPI.

(4) Thirty percent (30%) of the total number of outstanding shares of equity securities of each reorganized insurer and any stock holding company if the total surplus of the MIHC and all of its reorganized insurers is less than or equal to two hundred fifty million dollars (\$250,000,000), as adjusted annually by the CPI.

Sec. 3. The aggregate number of shares of equity securities owned by:

(1) a single director or officer of the MIHC or any subsidiary of the MIHC;

(2) associates of the person referred to in subdivision (1); and

(3) persons acting in concert with the person referred to in subdivision (1) or (2);

may not exceed five percent (5%) of the total number of outstanding shares of equity securities of each reorganized insurer and any stock holding company excluding any equity securities acquired by or held for the benefit of the officers and directors and their associates through employee benefit plans as permitted by IC 27-14-4-6(1) and section 5 of this chapter, but including any equity securities beneficially owned by officers and directors and



1 their associates under employee benefit plans as provided in
2 IC 27-14-4-6(2).

3 **Sec. 4.** A director, officer, agent, or employee of the MIHC or its
4 subsidiaries, or an associate of a director, an officer, an agent, or
5 an employee, may not receive a fee, commission, or other valuable
6 consideration for aiding, promoting, or assisting in the issuance of
7 stock under this section, except for:

8 (1) compensation as provided for in the plan and approved by
9 the commissioner;

10 (2) the person's usual, regular salary or compensation; or

11 (3) reasonable fees and compensation paid to an individual
12 who is an attorney, accountant, actuary, or financial adviser
13 for services performed in the individual's independent
14 practice, even if the individual is also a director, an officer, an
15 agent, or an employee of the MIHC or its subsidiaries.

16 **Sec. 5.** The aggregate number of shares of stock that may be
17 purchased or held by an employee benefit plan may not exceed ten
18 percent (10%) of the total number of outstanding shares of a
19 reorganized insurer or any stock holding company.

20 **Sec. 6.** A reorganized insurer or stock holding company may not
21 issue stock to directors or officers, or both, except stock of a class
22 that is publicly traded.

23 **Sec. 7.** A reorganized insurer or stock holding company may
24 not:

25 (1) grant stock purchase options or warrants, or otherwise use
26 securities to provide compensation to directors or officers, or
27 both, at a price less than the fair market value of the security
28 on the date of the grant; or

29 (2) sell securities to directors or officers, or both, at a price
30 less than the fair market value of the security (except under
31 the exercise of authorized stock options consistent with
32 subdivision (1) and section 8 of this chapter).

33 **Sec. 8.** A reorganized insurer or stock holding company may not
34 grant stock purchase options to directors or officers, or both, until
35 at least six (6) months after public trading for the stock has begun.

36 **Sec. 9.** (a) For purposes of determining compliance with
37 ownership restrictions in this chapter, a person to whom a stock
38 purchase option or warrant has been granted under this chapter
39 is not considered to own the underlying securities until the stock
40 purchase option or warrant is exercised and the securities have
41 been issued.

42 (b) An increase in a person's percentage ownership of securities



does not constitute a violation of the securities ownership restrictions in this chapter if the increase in percentage ownership results solely from a decrease in the aggregate number of securities outstanding.

(c) An inadvertent ownership of securities that exceeds the securities ownership limitations in this chapter does not violate this chapter if:

(1) a sufficient number of securities are divested within thirty (30) days after the limitation was first known to be exceeded so that the limitation is no longer exceeded; and

(2) during the period when the limitation is known to have been exceeded, the owner of the securities:

(A) does not vote any securities in excess of the limitation; and

(B) does not accept a dividend in respect of any securities that exceed the limitations.

Sec. 10. An outside director of an MIHC or an associate of an outside director of an MIHC may not purchase or own securities issued by a reorganized insurer or stock holding company that is a subsidiary of the MIHC on whose board of directors the outside director serves.

Chapter 6. Public Hearing, Commissioner Approval, and Effective Date of Plan to Issue Stock

Sec. 1. Not more than:

(1) sixty (60) days after the acceptance of an application filed with respect to a plan to issue stock under IC 27-14-4; or

(2) a longer period after the application is filed, as determined by the commissioner upon a showing of good cause;

the commissioner may conduct a public hearing under IC 4-22-2-26 to afford interested persons an opportunity to present information, views, arguments, or comments about the plan.

Sec. 2. (a) At least thirty (30) days before a hearing held under this chapter, the commissioner shall publish notice of the hearing in a newspaper of general circulation in:

(1) the city of Indianapolis;

(2) the city in which the principal office of the applicant is located; and

(3) another city or cities that the commissioner considers appropriate;

and may provide written notice of the hearing by other means and to other persons that the commissioner considers appropriate.

(b) The notice provided under this section must:



- (1) refer to the applicable statutory provisions;
- (2) state the date, time, and location of the hearing; and
- (3) include a brief statement of the subject of the hearing.

Sec. 3. (a) On or before the later of:

- (1) sixty (60) days after a public hearing held under this chapter; or
- (2) one hundred twenty (120) days after the commissioner accepts the application relating to the plan;

or a longer period if extended by the commissioner for good cause, the commissioner shall issue an order to approve or disapprove the plan under IC 27-14-4 to issue stock.

(b) The commissioner shall fully consider any comments received at a public hearing under IC 4-22-2-27 before issuing an order under subsection (a).

Sec. 4. (a) The commissioner shall retain an independent financial adviser who shall, on behalf of members, review the offering price and issue a written opinion as to whether the offering price is fair from a financial point of view to the members as a group.

(b) The commissioner's approval of a plan under section 6 of this chapter is subject to the condition that a favorable opinion of the financial adviser is delivered to the commissioner before the stock is issued.

(c) The fees and expenses of the financial adviser shall be paid by the issuer of the stock.

Sec. 5. The commissioner shall approve a plan to issue stock submitted under IC 27-14-4 unless the commissioner makes at least one (1) of the following findings with respect to the plan:

- (1) Disapproval of the plan is necessary to prevent practices that will cause financial impairment to the applicant or its subsidiaries.
- (2) The financial or management resources of the applicant or its subsidiaries or affiliates warrant disapproval.
- (3) The plan does not comply with this article.
- (4) The proposed plan is unfair, unreasonable, or inequitable to members or policyholders.
- (5) The plan does not comply with the members' protection principle.

Sec. 6. (a) The commissioner shall transmit to the applicant a copy of any order approving or disapproving a plan.

(b) If the commissioner disapproves a plan, the commissioner shall provide the applicant with a written statement detailing the



reasons for the disapproval.

Sec. 7. The approval by the commissioner of a plan to issue stock expires one hundred eighty (180) days after the date of approval, except as otherwise provided by an order of the commissioner.

Sec. 8. The amendment of the articles of incorporation of a domestic insurance company under a plan under this article must be conducted under IC 27-1-8, except as provided in this chapter.

Chapter 7. Miscellaneous Provisions

Sec. 1. (a) This article, while independent of any other law, is supplemental to IC 27-1-2 through IC 27-1-20.

(b) Except as provided in this article, all provisions of IC 27-1-2 through IC 27-1-20 are fully and completely applicable to this article in the same manner as if the provisions of this article had been an original part of IC 27-1-2 through IC 27-1-20. If any conflict exists between this article and IC 27-1-2 through IC 27-1-20, this article is controlling.

Sec. 2. A civil action:

- (1) challenging the validity of; or
- (2) arising out of;

action that is taken or proposed to be taken under this article must commence not later than sixty (60) days after the approval by the commissioner of the plan under which or in respect of which the action is taken or proposed to be taken.

Sec. 3. The provisions of this article are severable in the manner provided in IC 1-1-1-8(b).

Sec. 4. (a) A person who is aggrieved by an action of the commissioner under this article may petition for judicial review of the action under IC 4-21.5-5.

(b) A person who is aggrieved by a failure of the commissioner to act or make a determination required by this article may bring an action for mandate in the circuit court of Marion County to compel the commissioner to act or make the determination.

Sec. 5. (a) Except as provided in this section, IC 5-14 applies to all filings made under this article.

(b) Filings made under this article may include information that might be damaging to an applicant or its affiliate if made available to competitors. Subject to subsection (c), all information, documents, and copies of the filings containing trade secrets of an applicant or its affiliate and marked "confidential" by the applicant or its affiliate are declared:

- (1) confidential for the purposes of IC 5-14-3-4; and



(2) not subject to inspection and copying by the public under IC 5-14-3-3 or disclosure by the commissioner or any other person, except to insurance departments of other states which agree to such confidential treatment;

without the written consent of the person to which they pertain.

(c) If the commissioner, after giving notice to the person seeking such confidential treatment and any other person requesting disclosure, after giving them an opportunity to respond at a departmental hearing in camera, and after giving due consideration to any legitimate interest in preserving trade secrets, determines that the members or policyholders have a compelling interest that would be served by disclosure, then the commissioner, after five (5) business days have elapsed from notification to the applicant, may disclose all or any part thereof in a manner and subject to the limitations as the commissioner determines appropriate.

(d) If within the five (5) business day period referred to in subsection (c), the applicant notifies the commissioner that the applicant or other interested party has filed an action seeking a protective order from a circuit or superior court to prevent or to limit disclosure, the commissioner shall not disclose the information, documents, or copies thereof during the pendency of the action and any appeal or after any final court decision prohibiting disclosure.

Sec. 6. An MIHC and its subsidiaries and affiliates may not do any of the following:

(1) Lend funds to a person to finance the purchase of stock in a stock offering by an MIHC or any of its subsidiaries other than policyholder loans granted under the terms of an insurance policy of a subsidiary.

(2) Pay commissions, special fees, or other special or extraordinary compensation to officers, directors, interested persons, or affiliates for arranging, promoting, aiding, assisting, or participating in the structure or placement of a stock offering by the MIHC or any of its subsidiaries, except to the extent permitted under IC 27-14-4.

(3) Enter into an understanding or agreement transferring legal or beneficial ownership of stock to another person in avoidance of this article.

Sec. 7. (a) Except as provided in subsection (b), a reorganized insurer to which insurance policies, contracts, and other assets and obligations are transferred in connection with a plan of



1 reorganization under this article has, with respect to the insurance
2 policies, contracts, and other assets and obligations, all rights,
3 liabilities, and authority of the MIC that is the subject of the plan
4 of reorganization.

5 (b) An MIHC resulting from a plan of reorganization of an MIC
6 under this article has all obligations and liabilities of the MIC for
7 any claim, asserted or otherwise, that existed at the effective date
8 of the reorganization and that:

9 (1) seeks the imposition of a constructive or charitable trust
10 on assets of the MIC for the benefit of policyholders,
11 members, or other persons;

12 (2) seeks distribution or return of assets, or other form of
13 compensation, from the MIC to policyholders or members; or

14 (3) otherwise arises out of, or relates to, the ownership
15 interest of policyholders or members of the MIC, or to the
16 value of their ownership interests, including any claim that
17 challenges a statutory transaction engaged in by the MIC
18 before the effective date of the reorganization.

19 Sec. 8. If a proceeding is pending against an MIC that is the
20 subject of a plan of reorganization under this article:

21 (1) the proceeding may be continued after the effective date as
22 if the reorganization had not occurred; or

23 (2) the reorganized insurer that succeeds the MIC's business
24 may be substituted in the proceeding for the MIC;

25 except that the MIHC resulting from the plan of reorganization
26 shall be substituted for the MIC and any subsidiaries of the MIC
27 in all proceedings involving any claim described in section 7(b) of
28 this chapter.

29 Sec. 9. An MIHC may convert to a stock company under
30 IC 27-1-8-13 as though the MIHC were an MIC.

31 Sec. 10. The commissioner shall, at the applicant's expense, hire
32 attorneys, actuaries, accountants, investment bankers, and other
33 experts as may be necessary to assist the commissioner in
34 reviewing all matters under this article that are associated with a
35 plan of reorganization or a plan to issue stock. The commissioner
36 may at any time require an applicant to deposit an amount of
37 money with the department of insurance in anticipation of
38 expenses to be incurred by the commissioner under this article.

39 Sec. 11. The commissioner is authorized to adopt rules under
40 IC 4-22-2 to carry out the purposes of this article.

41 Sec. 12. (a) A domestic MIC may reorganize with a foreign
42 mutual holding company by complying with IC 27-14-2. The



1 commissioner has the authority to waive any provision of
 2 IC 27-14-2 if the commissioner determines the provision to be
 3 unnecessary for the protection of policyholders and members.

4 (b) A plan of reorganization under subsection (a) is effective
 5 when the reorganized domestic stock insurance company
 6 subsidiary has filed its articles of amendment and amended
 7 certificate of authority in the office of the county recorder of the
 8 county in which the principal office of the company is located or at
 9 a later date specified in the plan of reorganization.

10 (c) A domestic MIC seeking to reorganize under subsection (a)
 11 may at the same time redomesticate to another state by complying
 12 with IC 27-1-6.5 and the applicable requirements of the state to
 13 which it seeks to transfer domicile.

14 Sec. 13. (a) An existing MIHC may, with the prior approval of
 15 the commissioner:

16 (1) acquire direct or indirect ownership of a converting
 17 foreign MIC that becomes a stock insurer in compliance with
 18 the laws of its state of domicile; and

19 (2) grant membership interests and equity rights to the
 20 members or policyholders of a foreign mutual insurer that
 21 merges with a direct or indirect domestic or foreign
 22 subsidiary of the MIHC or is otherwise acquired by the
 23 MIHC.

24 (b) The commissioner shall consider the fairness of the terms
 25 and conditions of the transaction, whether the interests of the
 26 members of each MIHC that is a party to the transaction are
 27 protected, and whether the proposed transaction is in the public
 28 interest when determining whether to approve a transaction under
 29 subsection (a).

30 Sec. 14. The concurrent reorganization of two (2) or more MICs
 31 into a single MIHC structure under IC 27-14-2 may be
 32 accomplished by a joint application and a joint plan of
 33 reorganization and may be approved by the commissioner
 34 following a combined hearing. The commissioner may allow such
 35 other procedures as may be necessary or desirable to avoid
 36 unnecessary or duplicative costs and efforts in satisfying the
 37 requirements of this article and in effectuating the reorganization.

38 SECTION 5. [EFFECTIVE UPON PASSAGE] (a) IC 27-14, as
 39 added by this act, is intended to enable mutual insurance
 40 companies to seek additional capital more effectively to:

41 (1) enhance their financial strength and flexibility;

42 (2) support long term growth internally and through mergers



1 and acquisitions; and

2 (3) expand and enhance the domestic insurance companies of
3 this state.

4 (b) IC 27-14, as added by this act, provides an alternative
5 organizational structure to help strengthen the Indiana mutual
6 insurance industry by permitting mutual insurance companies to:

7 (1) reorganize into a mutual insurance holding company
8 structure; and

9 (2) raise capital through the sale of capital stock.

10 SECTION 6. An emergency is declared for this act.

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SENATE MOTION

Mr. President: I move that Senators Mrvan, Howard and Alting be added as coauthors of Senate Bill 500.

CLARK

SENATE MOTION

Mr. President: I move that Senator Mills be added as coauthor of Senate Bill 500.

CLARK

SENATE MOTION

Mr. President: I move that Senator Borst be added as coauthor of Senate Bill 500.

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COMMITTEE REPORT

Mr. President: The Senate Committee on Insurance and Financial Institutions, to which was referred Senate Bill No. 500, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 6, line 16, delete "and".

Page 6, line 16, after "IC 27-14-5-9" insert ", and IC 27-14-5-10".

Page 8, between lines 15 and 16, begin a new paragraph and insert:

"Sec. 15. "Financial services businesses" includes:

- (1) investment banking;**
- (2) commercial banking;**
- (3) industrial banking;**
- (4) savings and loan associations;**
- (5) credit unions;**
- (6) trust companies;**
- (7) other lending and loan brokerage services;**
- (8) services related to the extension of credit, including:**
 - (A) real estate and personal property appraisal;**
 - (B) arranging equity financing;**
 - (C) check-guaranty services;**
 - (D) collection agency services;**
 - (E) asset management, servicing, and collection activities;**
 - (F) real estate settlement services; and**
 - (G) lease financing transactions;**
- (9) securities broker-dealer and trading services;**
- (10) private placement services;**
- (11) acting as a futures commission merchant;**
- (12) securities underwriting;**
- (13) transactions in bullion, precious metals, and foreign currency;**
- (14) investment advisory services;**
- (15) financial planning services;**
- (16) third party administration of insurance policy claims and accounts receivable;**
- (17) factoring, organization, and operation of investment companies and mutual funds;**
- (18) employee benefit planning and consultation services;**
- (19) actuarial services;**
- (20) issuance of money orders, savings bonds, and traveler's checks; and**
- (21) other operations and services either closely related to or**



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properly accompanying these activities."

Page 8, line 16, delete "15." and insert **"16."**

Page 8, line 21, delete "16." and insert **"17."**

Page 8, line 23, delete "17." and insert **"18."**

Page 8, line 28, delete "18." and insert **"19."**

Page 8, between lines 35 and 36, begin a new paragraph and insert:

"Sec. 20. 'Members' surplus" means the amount of the surplus and any net unrealized capital gains of an MIC that exist on the effective date of a reorganization under IC 27-14."

Page 8, line 36, delete "19." and insert **"21."**

Page 8, line 37, delete "20." and insert **"22."**

Page 8, line 38, delete "21." and insert **"23."**

Page 9, line 1, delete "22." and insert **"24."**

Page 9, between lines 3 and 4, begin a new paragraph and insert:

"Sec. 25. 'Net unrealized capital gains' means unrealized capital gains less unrealized capital losses for the same accounting period."

Sec. 26. 'Ordinary course of the insurance business' includes expanding the business of any company as of the effective date of a plan of reorganization into other insurance, insurance related, and financial services businesses."

Page 9, line 4, delete "23." and insert **"27."**

Page 9, line 29, delete "24." and insert **"28."**

Page 9, line 31, delete "25." and insert **"29."**

Page 9, line 39, delete "26." and insert **"30."**

Page 9, line 42, delete "27." and insert **"31."**

Page 10, line 2, delete "28." and insert **"32."**

Page 10, line 5, delete "29." and insert **"33."**

Page 10, line 7, delete "30." and insert **"34."**

Page 10, line 12, delete "31." and insert **"35."**

Page 10, line 18, delete "32." and insert **"36."**

Page 10, line 23, delete "33." and insert **"37."**

Page 24, between lines 10 and 11, begin a new paragraph and insert:

"Sec. 12. Members' surplus may be used only in the ordinary course of the insurance business."

Page 31, between lines 12 and 13, begin a new paragraph and insert:

"Sec. 10. An outside director of an MIHC or an associate of an outside director of an MIHC may not purchase or own securities issued by a reorganized insurer or stock holding company that is a subsidiary of the MIHC on whose board of directors the outside director serves."



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and when so amended that said bill do pass.

(Reference is to SB 500 as introduced.)

PAUL, Chairperson

Committee Vote: Yeas 8, Nays 2.

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